

Culture and Organizational Culture in the Construction Industry

A Literature Review

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Globalization has led to construction companies performing more work around the globe....

The contextual environment of the host country greatly impacts the operation of the construction project....

The effectiveness and competitive advantage of an organization is enhanced when its members possess an **understanding, respect, acceptance, and capacity to manage cross-cultural differences...**



... Ignoring or failing to manage such differences may lead to **many problems** in the project ...



“Managing organizations and projects involves **individuals and their beliefs**, so cultural differences have a significant influence on management success...” *Hofstede 1983*

Therefore, in our construction world, it becomes important to note:

How is **CULTURE** defined in our project?

How **CULTURE** affects a project's outcome?

Objective:

1. To present a comprehensive review of the literature on **cultural aspects in the construction industry**
2. To identify the **knowledge gaps** and to suggest recommendations for future research.



OBJECTIVES

1. Obtain and screen literature from over 60 peer-reviewed publications in last 30 years
2. Identify and compare major studies on cultural dimensions & thus those critical in cultural understanding
3. Summarize current research lines in culture in construction
4. Identify gaps of knowledge & proposing recommendations for future research.



METHODOLOGY

In construction, CULTURE is defined as:
“the **characteristics** of the industry, **approaches**
to construction, **competence** of people, and the
goals, values and strategies of the **organizations**
they work in”



(Kivrak, Ross, and Arslan 2008)



An ORGANIZATIONAL CULTURE “...reflects assumptions about clients, employees’ mission, products activities and assumptions that have worked well in the past and which get translated into norms of behavior and expectations about what is legitimate, desirable ways of thinking and acting”

(Laurent 1983)

Culture type is categorized in terms of dimensions that:

- map the **cultural differences** in terms of values and practices embraced by the organization (*Ankrah and Langford 2005; Liu, Shuibo, and Meiyung 2006*)
- form a continuum to allow for analysis and management of cultural differences (*Hall and Jaggar 1997*).

Culture Dimensions

Cultural Dimensions

Category	Hofstede (1983)	Trompenaars and Woolliams (1999)	Schwartz (2004)	GLOBE (2007)
1. Group attachment & relations	Individualism/collectivism	Individualism/communitarianism	Embeddedness/autonomy	Collectivism I: (Institutional) Collectivism II:
2. Authority and status				
3. Uncertainty and rules				
4. Gender roles and assertiveness				
5. Time and future orientation	Long-term orientation	Polychronic/synchronic time		Future Orientation
6. Emotions		Affective/neutral		
7. Caring for others				Humane Orientation

FIVE categories most central to understanding cultural differences:

1. group attachment and relations
2. authority and status
3. uncertainty and rules
4. gender roles and assertiveness
5. time and future orientation

Lines of Research- Culture in Construction

1a. Cultural Types and Factors

1b. Cultural Differences in
Different Geographical Locations

2. Organizational Culture

3. Cultural diversity and its
impact

4. Cultural Effect on Contractual
Arrangements

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- Characterizing cultural differences into two factors: **cultural values** (individual's preferences in decision making) and **cultural practices** (cultural norms for adopting specific mechanisms to control organizations and tasks).
- Comparing **manufacturing** companies to **construction** companies culture - substantial modifications needed in adopting tools or practices from other sectors.

*Horii, Levitt, and Jin (2005) and
Riley and Clare-Brown (2001)*

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- Comparing **Lithuanian and Dutch** construction firms - identified significant differences in leadership and cultures.
- Investigating influences of **Chinese** cultural orientations and conflict management styles on construction dispute-resolving strategies using Hofstede's cultural factors.
- Identifying impact of national culture on the management practices of construction projects in **UAE**

Ozorovskaja, Voordijk, and Wilderom (2007); Tsai and Chi (2009); and Naoum, Alyousif, and Atkinson (2014)

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- With organizational culture established and strongly maintained, it greatly **reduces uncertainty, leading to higher performance**
- Differences in org. culture have a greater impact on **IJV's performance** than host country culture difference - cultural distance between partners has a significant impact on alliance performance.

Maloney (1989); Maloney and Federle (1991); Ozorhon et al. (2008); Ankrah and Langford (2005); Ankrah, Proverbs, and Debrah (2009); Fong and Kwok (2009); and Brunetto, Xerri, and Nelson (2014)

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- Studying org. cultural differences between **architects & contractors** **and** investigating factors influencing construction project culture.
- Evaluating composition of org. culture, knowledge flow strategic approach for, and success of KM systems at different hierarchical levels -- identifying that what was favored at both project and organization levels in contracting firms was **the clan culture**.

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- Investigating effect of cultural diversity on **CM practices and project success** –no consensus reached on whether cultural diversity impacts project performance positively or not
- Other studies showed cultural diversity **decreases project performance**
- Another that it leads to **increased transaction costs** both in monetary and efficiency terms

Javernick-Will and Levitt (2009); Miller et al. (2000); Chan and Tse (2003); Rahman and Kumaraswamy (2004); Fong and Lung (2007); Kivrak, Ross, and Arslan (2008); Barkema et al. (1997); Mahalingam and Levitt (2007); Comu, Unsal, and Taylor (2011); and (2000)

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- Projects with cultural and linguistic diversity **achieved better adaptation performance** on average.
- In the **long term**, benefits of cultural diversity can be achieved due to greater creativity, better problem solving ability, & a comprehensive approach to problem solving.

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- Exploring international construction activities and cultural contexts to establish a groundwork on impact of cultural issues on contractual arrangements -- international construction projects are **more prone to disputes** compared to domestic projects due to cultural clashes and inappropriate contract arrangements.
- Reviewing different DRMs employed and examining **effects of culture on selection of DRM** in international construction contracts.

*Chan and Tse (2003); Gad, Shane, and Strong (2010);
and Gad and Shane (2012)*

- The study identified 5 categories most central to understanding cultural differences.
- Increasing trend in CM research on culture in construction.
- Findings suggest cultural aspects of construction deserve greater research attention as they can enhance organization/project's effectiveness & provide a competitive advantage.

1. Global study on culture effects on contracts' negotiation and formation and disputes occurrence
2. Best practices and critical success factors for dealing with cultural diversity in international projects
3. Cultural differences & best practices in construction projects in South America, East Asia, Africa, and Middle East



THANK YOU